

# Asset Protection through Long Term Care Insurance



Senior Health Insurance  
Information Program

**Ask SHIIP**

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Regional Program Manager

**Q:** I am 58 years old and my insurance agent suggested I buy a long term care policy to protect my assets from Medicaid. Is this possible?

**A:** Purchasing a long term care insurance policy can accomplish many goals: increase your choice and control over your long term care needs, protect some or all your assets from a Medicaid spend-down, and increase your peace of mind.

Any long term care insurance policy will delay a spend-down of assets for Medicaid. A spend-down is when you use the assets you have toward the cost of your care. When you have \$1,500 for an individual or \$2,250 for a couple in assets left, you then become eligible for Medicaid.

Please also note the difference between assets and income. When eligible for Medicaid, your income will continue to pay toward the cost of your care.

For married individuals, if you should need to enter a nursing home, your spouse who continues to live at home has special rights under the Spousal Impoverishment Protection Law. Your home, a portion of your assets, and sometimes part of your income will not be considered in the spend-down.

For the last 10 years, Indiana has been one of four states that has offered a special kind of long term care insurance. In Indiana, this is called the Indiana Long Term Care Insurance Program ([www.longtermcareinsurance.IN.gov](http://www.longtermcareinsurance.IN.gov)). It is also known as the "Partnership" program because it is an innovative partnership between the state Medicaid program and private insurance companies. The state does not sell this insurance, the private insurance companies do, but to participate the companies and their agents have to meet certain standards and offer certain benefits. These policies are **not** more expensive than other policies that offer comparable benefits. In addition, they offer the free benefit of "Medicaid asset protection".

What exactly is "Medicaid asset protection"? If you purchase an Indiana Partnership long term care policy with coverage **less than**

\$187,613 (in 2004) you would earn dollar for dollar protection. For every dollar your insurance policy pays out for your long term care, you protect a dollar of your assets from Medicaid spend-down. Medicaid will pretend those assets do not exist.

If you buy an Indiana Partnership policy with coverage **greater than** \$187,613 (in 2004) worth of benefits, you will protect all your assets and will never have to meet a Medicaid spend-down. Once your long term care policy stops paying for your care, you could apply for Medicaid without having to spend any of your assets.

Remember long term care insurance is not for everyone, but everyone needs to give thought to how they would handle any long term care needs. To receive a free packet of information on the subject of long term care and long term care insurance, call SHIIP at 1-800-452-4800. The packet includes information on the spousal impoverishment law, "partnership" policies, and a self-assessment guide. You can also talk to your local SHIIP counselor about this and other topics.

Address your questions to:

Ask SHIIP  
311 W. Washington Street  
Ste. 300  
Indianapolis, IN 46204  
Or [www.in.gov/shiip/idoi](http://www.in.gov/shiip/idoi)  
1-800-452-4800

SHIIP is a free, unbiased counseling program provided by the Indiana State Department of Insurance. For assistance, call your local SHIIP site to make an appointment or call the state office at 1-800-452-4800 to obtain a list of local SHIIP sites.